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Drivers of Mobile Money Services Development in Zimbabwe:
The Case of EcoCash

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ABSTRACT

This study sought to identify the drivers of mobile money services development in Zimbabwe using Ecocash as a case study. Through purposive sampling, respondents were selected from financial institutions, regulatory bodies, customers, and agents. The research showed that in Zimbabwe the development of mobile money services is influenced by several factors such as a high mobile telephone penetration rate, a high number of unbanked people owing to poor access to traditional banking services, a lower level of internet penetration levels, customer awareness of the service because of aggressive branding, security and ease of use, and a dense networks of agents. Fast technology diffusion was also a factor that influenced the fast adoption of mobile money services in Zimbabwe. More research is needed to assess the impediments in countries where the adoption of mobile money services has not been as spectacular as in Zimbabwe or Kenya.

KEYWORDS

EcoCash, Econet Wireless, Internet Penetration, M-Pesa, Mobile Banking, Mobile Money Services, Mobile Phone Penetration, Mobile Wallet, Technology Adoption, Telephone Banking, Urban Rural Remittances

1. INTRODUCTION

M-PESA, the Kenyan mobile money service, has seen exceptional growth since its introduction in March 2007 (Mas & Morawczynski, 2009). Six million customers had registered with the service by 2009 and this represents nearly half the customer base of Safaricom, the Mobile Network Operator (MNO) that launched M-PESA (Mas & Morawczynski, 2009). A similar phenomenal growth was observed with Ecocash, a service provided by Econet Wireless, the biggest mobile network operator (MNO) in Zimbabwe. Murumbwa (2014) noted that the changing competitive landscape for mobile telecom service companies in Zimbabwe has significantly contributed to the launch of innovative market offerings, in particular, the mobile money transfer services (MMTS). Gambanga (2017) noted that in 2016 mobile money payments in Zimbabwe accounted for 81.2% of all electronic payment transactions. During that year 298.59 million mobile money transactions were handled, up from the 228.2 million transactions in 2015 (Gambanga, 2017). The 2017 Monetary Policy Statement presented

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by the Reserve Bank of Zimbabwe shows that mobile payment occupy the highest rank as compared to other payment systems available. According to the statement, the second highest transaction volumes were for Point of Sale (POS) transactions, followed by ATMs (3.4%), RTGS (0.8%), internet transactions (0.3%) and cheque transactions (0.1%) (Reserve Bank of Zimbabwe, 2017).

This phenomenal growth of mobile payment services comes as a paradox as there have been complains that Zimbabwe lags behind in technology development as attested by the number of patents filed (Kachembere, 2018). It even runs on the opposing trend to technology adoption in Zimbabwe in various areas such as beauty therapy (Muzingwa & Kabote, 2014), small scale farming (Mudombi, 2013, Pandiriri, 2018; Zinyama, 2002), internet banking (Dube et al., 2011) and HIV-testing (Morin et al., 2006). Dube & Gumbo (2017) noted that the retail industry had made great strides to adopt online technology platforms although Zimbabwe's online technologies were described as in their infancy on the maturity model adoption curve based on Moore's chasm on technology adoption. The Ecocash exception has been also noted by Evans and Pirchio (2014). This paradoxical growth of mobile money services in Zimbabwe occurred in a context where though customers have remained loyal to banks, the banks have not been able to grow their businesses as a result of the advent of mobile banking (Mavhiki, Nyamwanza & Shumba, 2015). Instead of them seeking collaboration with the telecoms they chose to be confrontational, and lobbying for legislation that regulates mobile operators (Mavhiki, Nyamwanza & Shumba, 2015). Most banks introduced their own mobile banking products but these did not deliver full potential as they were limited to account holders only (Mavhiki, Nyamwanza & Shumba, 2015).

There is therefore a need to investigate the factors that led to this exceptional growth. Chitungo et al. (2013) extended Davies' technology acceptance model (TAM) to rural areas in Zimbabwe, but their study focuses on mobile banking rather than mobile money systems. Likewise, Dube et al. (2011) have studied the adoption of ICTs in the financial sector in Zimbabwe but they focused on SMS banking rather than on mobile money services. In other parts of the world, mobile money services been linked with financial inclusion (Lal and Sachdev, 2015, Mago & Chitokwindo, 2014, Tchouassi, 2012) but the factors that led to the fast adoption of these services were not studied except in Kenya (Mas & Morawczynski, 2009). Using Ecocash as a case study, this paper aims at investigating factors that led to the phenomenal growth of mobile money services in Zimbabwe contrary to the general trend in technology adoption in the developing world in general and in Zimbabwe in particular.

2. LITERATURE REVIEW

Mobile money is a tool that allows individuals to make financial transactions using cell phones (Jack & Suri, 2014, Vong, 2012). It refers to money stored using the Subscriber Identity Module (SIM) as an identifier as opposed to an account number in the conventional banking business (Chetty 2011). Mobile money allows people to use their mobile phones like mobile wallets in the payment system (Kizza, 2013). With mobile money technologies, people use mobile phones to send money to friends and relatives, connect to bank accounts, and make payments (Kusimba et al., 2013). According to Michaels (2011) mobile money is better than cash. Mobile money services providers allow various services such as transfer of money, paying bills and salaries, and purchasing of goods (GSMA, 2010). Mobile money services are also used for long distance remittance, micro payments, and purchase of airtime (Jenkins, 2008). Mobile money bypasses divides embedded in the traditional banking system such as the contrast between urban and rural bankers or rich vs. poor customers given the fact that mobile telephones are much more accessible than bank branches in traditional banking (GSMA, 2010, Aker & Mbiti, 2010, Chitungo & Munongo, 2013; Dube et al., 2011).

Mobile money services contribute to financial inclusion by providing financial services to the "unbanked" as they turn cellphones into 24-hour tellers (Hughes & Lonie, 2007, Donovan, 2012). Mobile money services also overcome barriers linked with access to information owing to illiteracy (Mehdi et al. 2009). The integration of financial and communication services constitutes a new phase